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The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the USDA.

♦ **Cotton.** U.S. 1997 all cotton production is forecasted at 19.0 million bales, up 34,900 bales from 1996. This is the second largest crop on record. World cotton production is expected to reach 90.9 million bales.

♦ **Corn.** The 1997 corn for grain production was estimated at 9.37 billion bushels, up less than 1% from 1996. The 1997 production ranks third behind 1994 and 1992, respectively. A market year average price between \$2.45 and \$2.75 a bushel is expected compared with \$2.71 for the 1996 crop. World production is expected to be 3% below last year. Global 1997/98 ending stocks are expected to be 23% below the previous year.

♦ **Soybeans.** The 1997 soybean crop is estimated at a record 2.73 billion bushels, up 14% from 1996. The market year average price is projected between \$6.10 and \$6.90 per bushel compared with \$7.35 for the 1996 crop. World 1997/98 oilseed production is projected at a record 281 million metric tons, nearly 22 million tons above last year.

♦ **Wheat.** Winter wheat seeded area for the 1998 crop is expected to total 46.6 million acres, down 4% from 1997. This will be the lowest planted acreage since 1973. Class breakdowns are: Hard red winter, 32.5 million acres; Soft Red Winter, 10.1 million acres, and White Winter, 3.95 million acres. The market year average price for the 1997/98 crop is projected between \$3.40 and \$3.50 per bushel compared with \$4.30 for the 1996 crop.

♦ **Rice.** U.S. rice production totaled 179 million cwt for the 1997 crop, up 4% from 1996 and the third highest production on record. The market year average price is expected to average between \$9.25 and \$10.25 per cwt compared to \$9.90 per cwt for the 1996/97 crop.

♦ **Other Crops.** The 1997 crop of **Grain Sorghum** was estimated at 653 million bushels, down 19% from 1996. The 1997 **peanut crop** was 3.55 billion pounds, down 3% from last year while **tobacco** was up 11%, **sugarbeets** up 12, and **sugarcane** up 6 percent.

♦ **Cattle.** January 1 **cattle on feed** in U.S. feedlots with capacity of 1,000 or more head totaled 11.16 million head, up 6% from a year earlier. This is the smallest year-to-year increase since April 1997. Placements were down 8% from the previous year but marketings of fed cattle were 4% above 1996. On-feed inventories should continue to decline and may fall below year-earlier levels by early 1998. At mid-January, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) were \$62-63 per cwt., down about \$3.00 from mid-December. Large feedlot inventories will continue to pressure prices in the near-term. However, fed cattle prices should improve as feedlot supplies are reduced, and could average in the low \$70's per cwt over the second half of 1998. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were around \$77 per cwt at mid-January, down \$3.00 from mid-December.

♦ **Hogs.** The December 1 hog inventory, at 59.9 million head, is 7% above last year. Hog slaughter since December 1 has been unusual for this time of year, with 3 weeks totaling over 2 million head slaughtered. This total is 13% above last year. Prices at mid-January (Iowa-Southern Minnesota direct, 230-250 pounds) averaged \$36 per cwt, down \$3 from mid-December. The September - November pig crop and the December - February farrowing intentions both are up 9% over last year. This points to a continued increase in pork supplies through the middle of 1998.

♦ **Other Livestock.** December **milk production** was up 0.9% from the previous year. This was the smallest year-to-year production increase since March 1997. Lower cow numbers were more than offset by increases in production per cow. The December **Basic Formula Price (BFP)** was \$13.29 per cwt, up 33 cents from November. **Cheddar cheese prices** (U.S. 40-pound blocks, wholesale) decreased 0.2 cents the first week of January and decreased 1.0 cents the second week. This suggests that the January

BFP will likely be steady or show a slight decline. During November, total **cheese** production was down 0.7% from the previous year, **butter** production was down 7.5%, and **nonfat dry milk production** was down 4.1%. **Sheep slaughter** for December totaled 348,500 head, matching last year's number. The number of **layers** in U.S. flocks on hand Dec. 1 was 3% above a year earlier with table egg layers up 2%, broiler-type hatching up 6%, and egg-type hatching down 1%. U.S. **egg production** for the 1st quarter of 1998 is expected to be up about 3% from a year ago. Market **egg prices** for the 1st quarter of 1998 are expected to average 7 cents per dozen below a year ago. For the week ending January 17, cumulative **broiler placements** for 1998 in the 15 selected states were almost 1% below a year earlier. **Broiler placements**, in 1997, were 3% higher than 1996 placements. **Broiler prices** (12 City) for the 4th quarter averaged 54 cents per pound compared with 62 cents for the 3rd quarter. Prices for first quarter 1998 are also expected to average about 54 cents. **Turkey production** during the first quarter of 1998 is expected to be down 1% from a year ago. Prices (8-16 lb hens, Eastern Region) for the 1st quarter of 1998 are expected to average 57-59 cents per pound compared with 58.9 cents a year earlier. **Supplies in refrigerated warehouses** the end of December compared with a year earlier were: chicken down 5%, turkeys up 27%, pork up 10%, beef up 23%, cheese down 2%, and frozen orange juice up 45%.

♦**Trade.** January **trade projections** for meats, corn, and soybeans were down from last month due to the Asian financial crisis. January projections for the volumes of **exports** for the 1997/98 marketing years compared to 1996/97 are: **wheat** up 7%, **corn** down 3%, **soybeans** up 11%, **rice** up 3%, and **cotton** up 6%. January projections for the volumes of meat exports in calendar 1998 compared to 1997 are: **beef** down 5%, **pork** down 5%, **broilers** up 1%, and **turkeys** up 2%. The U.S. **trade deficit** fell 12% in November to \$8.0 billion after a 20 % drop in October. The U.S. **farm trade surplus** was \$2.7 billion in November compared with \$2.5 billion in October. U.S. **corn exports** in November, at 3.1 million tons, were only about half those of November 1996, reflecting reduced demand in Asia. U.S. **soybean exports** in November, at 4.1 million tons, were about the same as a year earlier.

♦**Prices.** The rate of **inflation**, as monitored by the **CPI** for all urban consumers, rose a seasonally adjusted 0.1% in December and rose 1.7% over the last 12 months, with food-at-home prices falling 0.3 % in December, producing a gain of only 1% over the previous December. The **PPI** fell 0.2% in December; this followed a decrease of 0.2% in November. For the 12- month period ending in December, the PPI decreased 1.2%. The December **prime rate**, at 8.5%, was unchanged since April and compares with 8.25% a year earlier. Compared to a year earlier, **feed** prices in December were down 3%, **feeder livestock and poultry** prices up 15%, **fertilizer** down 6%, **ag chemicals** up 2%, **farm machinery** down 2%, **seeds** up 3%, and **fuels** down 12%.

♦**World Weather** (January 12-18). Snow cover continued to diminish in the Ukraine, Belarus, and the Baltics, leaving winter grain vulnerable to potential extreme cold. Unseasonably mild weather continued over Europe, keeping most winter wheat grain areas snow free and likely prompting some greening of crops in the north and east. In South Africa, drier weather returned to the corn belt, aiding corn growth. Excellent weather continued in central Argentina, while more rain is needed in Mato Grosso do Sul, Brazil. Seasonably cool weather kept winter wheat dormant across the North China Plains. Mild temperatures prevailed over most of the **United States**, except for early-week bitterly cold weather along the Northern Tier States and upper Midwest. New England farmers, especially dairymen, suffered adverse effects from the previous week's severe ice storm. Field activities along the Pacific Coast were hampered again by an onslaught of storms bringing snow, ice, and rain. Little precipitation fell in the Plains and Corn Belt. On the Texas High Plains, adequate moisture and mild temperatures prompted good winter wheat growth, providing excellent grazing.

♦**Other News.** The **slowdown in Asian and world economic growth** and the weakening of Asian currencies relative to the U.S. dollar will affect the U.S. rural and agricultural sectors through slower U.S. economic growth and a reduction in international demand for U.S. exports. **GDP growth** in the U.S. is expected to slow in 1998 to 2.5%, following 3.8% growth estimated for 1997. With the labor market expected to remain tight, slightly higher wages and high capacity utilization rates in 1998 will bump **inflation** up by a very small amount. **Interest rates** are expected to be stable over the course of 1998. U.S. **consumer demand** for livestock and poultry products will be lower in 1998 than had been expected before the Asia events due to some downward pressure on U.S. incomes. **U.S. agricultural exports** are expected to grow more slowly in fiscal 1998 and 1999, reaching a level 3-6% lower than would be expected without the Asia events. However, the expected drop in energy prices in 1998, some declines in other raw material prices, and a strong dollar will constrain price increases of **manufactured inputs** for farmers
